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Message Text

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64
ORIGIN EB-07

INFO OCT-01 AF-08 EUR-12 ISO-00 INR-07 AID-05 TRSE-00

XMB-02 INT-05 L-03 H-02 CIAE-00 COME-00 FRB-03

NSAE-00 USIA-06 OPIC-03 SP-02 CIEP-01 LAB-04 SIL-01

OMB-01 NSC-05 SS-15 STR-04 CEA-01 /098 R

DRAFTED BY EB/IFD/OMA:BGCROWE
APPROVED BY EB/IFD/OMA:RJRYAN
EB/IFD/ODF:JBLANEY (SUBS)
AF/C:EMARKS (SUBS)
INR/RAF:GJOHNSON (SUBS)
AID/PPC/PDA:JDEMELO (SUBS)
TREASURY:PDREXLER (SUBS)
EXIMBANK:JLENTX (INFO)
---------- 106068
R 021706Z AUG 76
FM SECSTATE WASHDC
TO AMEMBASSY KINSHASA
INFO AMEMBASSY LONDON
AMEMBASSY PARIS
AMEMBASSY BONN
AMEMBASSY BRUSSELS

C O N F I D E N T I A L STATE 190594

E.O. 11652:GDS

TAGS: EFIN

SUBJECT: ZAIRE'S BALANCE OF PAYMENTS

1. A TECHNICAL INTERAGENCY WORKING GROUP HAS BEEN ESTAB-
LISHED TO ASSESS ZAIRE'S BALANCE OF PAYMENTS PROSPECTS FOR
1976 AND 1977. AS THE FIRST STEP IN THIS PROCESS, A SHORT
PAPER HAS BEEN PREPARED ON 1976 PROJECTIONS. WE WOULD
APPRECIATE YOUR CRITIQUE OF THIS PAPER AS WELL AS ANY
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GUIDANCE YOU COULD PROVIDE ON 1977. IMPORTS AND COPPER

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PRODUCTION ARE, OF COURSE, CRITICAL ITEMS. (WE ARE ALSO ASKING FOR IMF VIEWS).

2. THE PAPER READS AS FOLLOWS: QUOTE:

ZAIRE CAN EXPECT A CURRENT ACCOUNT DEFICIT THIS YEAR OF ABOUT $450 MILLION GIVEN ITS POOR PERFORMANCE SO FAR IN MOVING COPPER TO PORT. EMBASSY REPORTING SHOWS ONLY 140,000 TONS WERE EXPORTED FROM JANUARY THROUGH MAY; ANNUAL COPPER EXPORTS, AS A RESULT, WILL PROBABLY FALL BELOW 400,000 TONS. ALTHOUGH THE BENGUELA RAILROAD IS EXPECTED TO OPEN BY THIS FALL, OFFICIALS HAVE INDICATED VALUABLE COPPER EXPORTS WILL NOT BE IMMEDIATELY SHIPPED OVER THIS ROUTE BECAUSE OF ITS VULNERABILITY TO GUERILLA ATTACKS.

.. ASSUMING A VOLUME OF 375,000 TONS AND AN AVERAGE ANNUAL PRICE OF 67 /LB., WE ESTIMATE 1976 COPPER RECEIPTS AT ABOUT $550 MILLION. IF IMPORTS ARE HELD AT $1,100 MILLION, KINSHASA WOULD REGISTER A DEFICIT OF $150 MILLION ON ITS TRADE ACCOUNT AND $450 MILLION ON ITS CURRENT ACCOUNT.

WITHOUT A RESCHEDULING AGREEMENT AND EXCLUDING ARREARS ACCUMULATED LAST YEAR, ZAIRE FACES DEBT SERVICE PAYMENTS OF JUST OVER $300 MILLION. AMORTIZATION REPRESENTS ABOUT HALF THIS AMOUNT, BRINGING THE GOVERNMENT'S CAPITAL REQUIREMENTS FOR THE YEAR TO $600 MILLION. KINSHASA WILL COME WITHIN $100 MILLION OF MEETING THIS FIGURE THANKS TO IMF LOANS ($160 MILLION), AID FROM WESTERN GOVERNMENTS ($150), AND DISBURSEMENTS ON EXISTING LOANS ($200 MILLION). HOWEVER, AN ADDITIONAL $400 MILLION IN ARREARAGES CARRIED OVER FROM LAST YEAR -- ABOUT $100 MILLION ON LONG-TERM DEBT AND $300 MILLION ON SHORT TERM DEBT -- REMAINS TO BE SETTLED.

THE AGREEMENT REACHED IN PARIS IF APPROVED, WOULD RESCHEDULE BETWEEN $300-350 MILLION OF ZAIRE'S 1976 PAYMENTS, ASSUMING PRIVATE DEBT IS RESCHEDULED ALONG SIMILAR TERMS AS GOVERNMENT TO GOVERNMENT DEBT. THE CONFIDENTIAL

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AGREEMENT WOULD GO A LONG WAY IN ALLEVIATING THE PRESENT FINANCIAL CRUNCH, BUT WOULD STILL LEAVE $100-200 MILLION TO BE RAISED TO ENABLE KINSHASA TO CATCH UP WITH ITS OBLIGATIONS.

ZAIRE: BALANCE OF PAYMENTS - MILLION US $

	1974	1975	1976#
EXPORTS (F.O.B.)	1339 ..	824 ..	950

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COPPER..... 940 .. 530 # 550
IMPORTS (C.I.F.)..... 1026 ..1057 .. 1100
TRADE BALANCE..... 313 ..-233 .. -150
NET SERVICE & TRANSFERS.... -335 ..-282 .. -300
CURRENT ACCOUNT..... - 22 ..-515 .. -450
PRIVATE CAPITAL -104 ..- 65 .. - 50
PUBLIC CAPITAL..... -102 ..- 33 .. 400
CAPITAL ACCOUNT..... -206 ..- 98 .. 350
ERRORS & OMISSIONS..... 15 .. 45 .. --
ARREARS..... -- .. 400 .. --
BALANCE ..... -213 ..-168 .. -100
ESTIMATED. HABIB

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